



AMERICANS FOR TAX REFORM

Grover G. Norquist

President

May 21, 2004

Hon. Mitt Romney
Office of the Governor
Room 360
Boston, MA 02133

Dear Gov. Romney,

I am writing to show my concern for Massachusetts House Bill 4485. Sections 48 and 49 of this bill would impose a new tax on Internet hotel reservations. **I urge you to oppose these provisions in the Bill that would lead to a loss of jobs and damage to the economy.**

HB 4485 would apply one category of tax – an occupancy tax on lodging – to a completely different product – information services. As an information broker and market maker, an internet travel site has more in common with a bookstore or a flea market. Why it should be taxed at the prohibitively high rates applied to hotels is unclear, except that the big spenders see it as a good way to get their hands on more money.

HB 4485 would impede the growth of electronic commerce and hurt the third largest industry of Massachusetts – tourism. The internet and information technologies have been a driving force in bringing down the prices of hotels and promoting growth of tourism in Massachusetts and nationwide. Imposing a tax on Internet travel service providers would hold back innovation and kill competition in the hotel industry.

In addition, enforcing these provisions would place administrative burdens on the hotels, as they are instructed to collect the tax if online services do not “voluntarily” register with the state. Other industries would suffer as well, as restaurants and entertainment venues depend on tourism for survival. Furthermore, consumers will suffer from higher prices and may decide to travel less.

I have always seen you as a friend of the taxpayer. You have diligently fought to protect hard-working families from unnecessary burdens. When other states have raided their citizens’ wallets to fund more spending, you have taken a firm stand against unfairly imposing taxes on the people of Massachusetts. You have made it possible for a bright economic future for Massachusetts to shine through.

Americans for Tax Reform stands ready to assist you in anyway to keep this tax from unjustifiably burdening hard working families. **We urge you to oppose Section 48 and 49 of House Bill 4485. Should this bill pass, we encourage you to veto this bill.**

Onward,

Grover G. Norquist